

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 NEA-09 ISO-00 TRSE-00 AID-05 SP-02

NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01 L-02 /059 W

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P 150810Z APR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9411

INFO AMEMBASSY NEW DELHI PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, EAID

SUBJ: INDIA DEBT RELIEF ISSUE

PASS TREASURY

REF: STATE 85170

1. SUBJECT ALONG WITH TR SEC SIMON'S CURRENT VISIT TO INDIA WAS MENTIONED BRIEFLY BY FINATT IN COURSE OF MEETING (DEALING WITH OTHER TOPICS) WITH MOF VICE MIN YOSHIDA. FINATT STRESSED NEED FOR U.S. TO HAVE SOME FLEXIBILITY IN THE FORM OF U.S. AID TO INDIA SO AS TO DEAL WITH DOMESTIC (CONGRESSIONAL) PROBLEM. IT WAS USG HOPE THAT JAPAN AND OTHER CREDITOR COUNTRIES WOULD RECOGNIZE THAT NEED, BY NOT ALTERING THE LEVEL OF THEIR OWN AID JUST BECAUSE U.S. WOULD BE UNABLE TO PARTICIPATE IN DEBT RESCHEDULING EXERCISE. FINATT POINTED OUT THAT INABILITY TO RESCHEDULE HAD ALREADY BEEN MORE THAN MADE UP BY INCREASED U.S. AID IN OTHER FORMS.

2. YOSHIDA RECOGNIZED THOSE POINTS BUT MENTIONED SOME INEVITABLE CONSEQUENCES OF U.S. ACTION. FOR INSTANCE, IT PROVIDED MOF BUDGET BUREAU FURTHER REASON TO CUT AID EXPENDITURES AS MEANS OF DEALING WITH BUDGET CASH DEFICITS. REVENUE SHORTFALLS AND HOW TO COPE WITH THEM

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WAS A COMMON PROBLEM MENTIONED BY ALL C-5 MINISTERS

DURING THEIR RECENT TALKS IN PARIS. YOSHIDA DID ADMIT, HOWEVER, THAT THOSE DEFICITS WERE NOT RELATED TO AID MATTERS BUT REFLECTED INTERNAL SITUATIONS. HE PROMISED TO KEEP U.S. VIEWS IN MIND AS AID FOR INDIA IS REVIEWED WITHIN MOF.

3. COMMENTS: EMBASSY IS NOT DISCOURAGED BY RATHER NON-COMMITAL INITIAL RESPONSE OF MOF VICE MIN. HE TOOK SIMILAR INITIAL POSITION ON FINANCIAL SUPPORT FUND. INDIA DEBT RESCHEDULING IS STILL UNDER REVIEW AT LOWER LEVELS WITHIN MOF. IN PAST, YOSHIDA HAS BEEN ABLE TO SEE BROAD POLICY ASPECTS AND TO OVERRIDE NITPICKING VIEWS OF LOWER BUREAUCRATS. VICE MIN WILL PARTICIPATE IN ADB ANNUAL MEETING. HODGSON

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 15 APR 1975
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Disposition Authority: MorefiRH
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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